

No. 36, September 8, 1980

# BEIJING REVIEW

北京周報

A CHINESE WEEKLY  
OF  
NEWS AND VIEWS

- National People's Congress in Session
- More on Economic Reform
- Democratic Kampuchea's Seat in U.N.



U.S.A. .... US \$ 0.30    Canada... Can. \$ 0.36    Australia... A. \$ 0.29    New Zealand... NZ \$ 0.34    U.K. .... £ 0.15

## HIGHLIGHTS OF THE WEEK

### N.P.C. in Session

The National People's Congress, the highest organ of state power, is now in session. It will decide on matters of far-reaching significance to the country. In this issue are main points of Chairman Ye Jianying's opening speech, Vice-Premier Yao Yilin's report on the arrangements for the 1980 and 1981 economic plans, and Minister of Finance Wang Bingqian's report on the 1979 final state accounts and 1980 budget (p. 3).

The full texts of these reports will be published in our coming issues.

### Third Session of Fifth C.P.P.C.C.

The Chinese People's Political Consultative Conference is also being held in Beijing. Chairman of its National Committee Deng Xiaoping has called on the members of the C.P.P.C.C. and

the revolutionary united front to bring into full play the superiority of the socialist system (p. 6).

### Oil Rig Accident

In accordance with a decision of the State Council, Minister of Petroleum Industry Song Zhenming was relieved of his post and Vice-Premier Kang Shien was given a demerit of the first grade. Four other officials were sentenced to imprisonment. This has won nationwide support (p. 7).

### China's Economic Reform

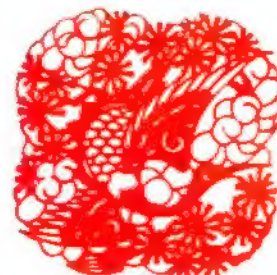
Noted economist Xue Muqiao gives a detailed analysis of the reasons why China cannot rely solely on state ownership at the present stage, why joint enterprises in the cities should be encouraged and why the localities should give scope to their strong points (p. 18).

### Vestiges of Feudal Ideology

Though feudalism was uprooted with the liberation of China, the spectre of feudal ideology is still hovering over the country. *Renmin Ribao* Special Commentator takes a serious look at the remnants of feudal ideology, stressing that they must be swept away to facilitate the modernization drive (p. 23).

### Chinese Athletes Make The Grade

In recent international competitions Chinese athletes have scored a number of significant victories that place them among the world's best (p. 29).



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## POLITICAL

## Fifth National People's Congress in Session

The Third Session of the Fifth National People's Congress opened in the Great Hall of the People in Beijing on the afternoon of August 30. The last session was held in June of last year.

On that day, Ye Jianying, Chairman of the N.P.C. Standing Committee, made the opening speech; Yao Yilin, Vice-Premier and Minister in Charge of the State Planning Commission, delivered a report on the arrangements for the 1980 and 1981 national economic plans; and Wang Bingqian, Minister of Finance, gave a report on the final state accounts for 1979, the draft state budget for 1980 and the financial estimates for 1981.

## Opening Speech

In his opening speech, Ye Jianying pointed out that this session, which will discuss and decide on matters of major importance to our country, is of tremendous significance.

Since the conclusion of the Second Session of the Fifth Na-

tional People's Congress, he said, there has been enormous progress in all spheres of work, thanks to the concerted efforts of the people of all nationalities



Ye Jianying delivering the opening speech.

in the country. The readjustment of the national economy has achieved marked success; socialist democracy and the legal system have been strengthened; and political stability and unity have been further consolidated. Our great endeavour to accomplish the four modern-

izations in socialist construction is steadily forging ahead.

Chairman Ye stressed that, in order to meet the requirements of socialist modernization, we must further promote socialist democracy and improve our socialist legal system. We will institute various necessary laws and, in particular, speed up the work of legislation concerning the economy and the nationalities. In order to strengthen and improve the leadership of our Party and government, perfect our state apparatus and raise our efficiency, we must take effective measures to change the state of affairs wherein leading personnel hold too many posts with the consequence that power becomes too concentrated, and we must select and appoint to leading posts those cadres who have distinguished themselves in practical work, who enjoy popular support and who are in the prime of life. This session will examine and make decisions concerning the proposal of the

The conference hall.



## Agenda of the N.P.C.

(1) Report on the arrangements for the 1980 and 1981 national economic plans by Yao Yilin, Vice-Premier and Minister in Charge of the State Planning Commission.

Report on the final state accounts for 1979, the draft state budget for 1980 and the financial estimates for 1981 by Wang Bingqian.

Approval of resolutions on the arrangements for the 1980 and 1981 national economic plans and on the final state accounts for 1979, the draft state budget for 1980 and financial estimates for 1981.

(2) Report on the work of the Standing Committee of the National People's Congress and explanations on several draft laws by Peng Zhen, Vice-Chairman of the N.P.C. Standing Committee.

Deliberations on the proposal to amend Article 45 of the Constitution of the People's Republic of China.

Deliberations on the draft citizenship law, the revised marriage law, the income tax law on joint ventures with Chinese and foreign invest-

ment, and the personal income tax law of the People's Republic of China.

Approval of the resolution on the report on the work of the Standing Committee of the National People's Congress.

(3) Report on the work of the Supreme People's Court.

Report on the work of the Supreme People's Procuratorate.

Approval of the resolutions on the report on the work of the Supreme People's Court and the report on the work of the Supreme People's Procuratorate.

(4) Speech by Hua Guofeng, Premier of the State Council.

Proposal of the Central Committee of the Communist Party of China on the appointment of the Premier of the State Council.

(5) Reshuffle of the state leading personnel.

(6) Proposal of the Central Committee of the Communist Party of China for the revision of the Constitution of the People's Republic of China and the setting up of the committee for revising the Constitution.

(7) Others.

management, the economy as a whole is becoming livelier.

With the progress made in readjusting the relationship between the various sectors of the national economy, in reforming the management system and in consolidating the enterprises, better economic results have been achieved, the income of the urban and rural population has increased and the living standard of the people has improved. Purchases and sales have been rising; retail sales in the cities and countryside are brisk, and there has been a fairly big expansion in foreign trade. Science, culture, education and public health have also made fresh progress.

The Vice-Premier stated that China's 1980 national economic plan is being carried out smoothly, and it is estimated that both agricultural and industrial targets will be overfulfilled. Industrial growth in the first half of this year was 13.6 per cent over that of the corresponding 1979 period. The total amount of commodities purchased rose by 17.9 per cent and retail sales increased by 18.5 per cent for the same period. Owing to natural calamities in several areas, output of the summer crops dropped by over 10 per cent. It is estimated that this year's autumn harvest may approach last year's level.

Referring to the main tasks in 1981, Yao Yilin said that efforts will be made to carry on the policy of readjusting, restructuring, consolidating and improving the national economy. The aim is to enable industrial and agricultural production and all other undertakings to develop in a harmonious and proportionate way.

He listed the following main tasks for the next year:

Central Committee of the Communist Party of China to make changes in leading personnel of

the Standing Committee of the National People's Congress and the State Council.

## Arrangements for National Economic Plans

After Chairman Ye Jianying's speech, Vice-Premier Yao Yilin gave a report on the arrangements for the 1980 and 1981 national economic plans. He said: Significant successes have been made in all spheres of work in readjusting the national economy since June of last year. The major sectors of the national economy are being brought into proper relationship; economic growth has been sustained over the past year. Total output value of agriculture in 1979

was 8.6 per cent more than that of 1978, while that of light industry upped by 9.6 per cent and that of heavy industry increased by 7.7 per cent. The ratio between accumulation and consumption improved, and the rate of accumulation dropped to 33.6 per cent from 36.5 per cent in 1978.

Vice-Premier Yao said that with the adoption of a number of new economic policies and measures to reform economic

— Efforts will be made to develop agriculture and light industry;

— Stress will be put on developing energy sources and saving of energy consumption, on developing transport and communications and the construction industry, on speeding up the readjustment and technical reform of the machine-building industry, on bringing about the rational readjustment of the metallurgical, chemical and other heavy industries, and on increasing the urgently needed and modern raw materials industry;

— The scale of capital construction will still be kept under control;

— Further expand foreign trade;

— Accelerate the development of science and technology, education, public health, city construction as well as environmental and labour protection;

— All-round attention must be paid to economic effects;

— Further readjust the ratio between accumulation and consumption.

With regard to the 1981 national economic plan, Yao Yilin gave these estimates: Total output value of industry and agriculture will increase by 5.5 per cent over 1980, of which agriculture will account for 4 per cent and industry 6 per cent; the output of grain will increase by 10 million tons over 1980, the in-

come of rural people's communes, production brigades and teams as well as the individual peasants will increase by approximately 10,000 million yuan, and the income of inhabitants in the cities and towns will increase by more than 4,000 million yuan.

## 1979 Final State Accounts and 1980 Budget

Wang Bingqian, Minister of Finance, gave a report on the final state accounts for 1979, the draft state budget for 1980 and the financial estimates for 1981. In 1979, he said, China adopted a series of important measures on the financial front and scored remarkable achievements in readjusting the ratio between accumulation and consumption, in promoting the development of industrial and agricultural production and improving the livelihood of the people, in reforming the financial system and expanding the financial powers of the local authorities and enterprises, and in enhancing the initiative of all

quarters. The measures adopted include:

— The purchasing prices of farm and sideline products were increased by a fairly big margin and some taxes in the rural areas were reduced or exempted;

— Jobs were provided for those in need;

— Part of the workers and staff members got pay rises and a bonus system was adopted;

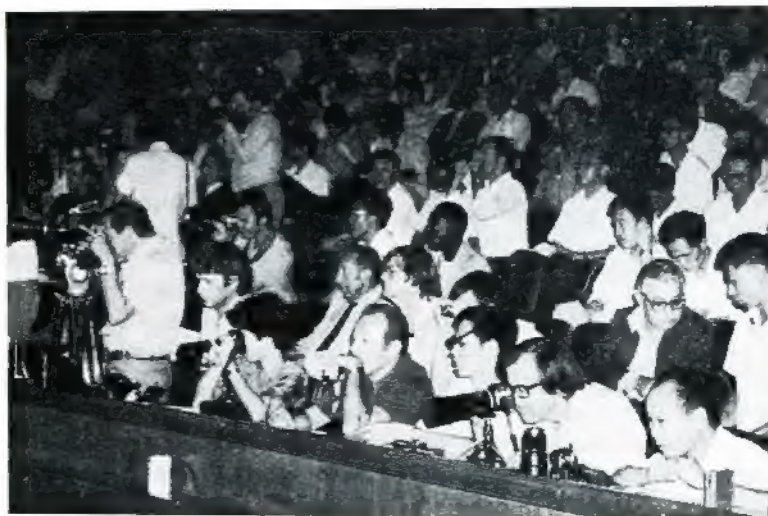
— The financial powers of the local authorities and enterprises were increased;

— The proportion between agriculture, light industry and heavy industry was readjusted, and more funds were allocated for the expansion of agriculture and light industry;

— Expenditure on national defence was increased; and

— Back pay was given to the rehabilitated cadres, workers and staff members in accordance with stipulated regulations.

As a result of these major measures, the final state accounts for 1979 showed 110,330 million yuan for revenue and 127,390 million yuan for expenditure, with expenditure exceeding income by 17,060 mil-



Foreign diplomatic envoys and journalists at the opening meeting.

lion yuan. But all these measures are necessary for laying a solid foundation for sustained future development of the national economy.

Wang Bingqian said that China's financial deficit last year did not bring about any big increase in the issuance of paper money, nor did it bring serious difficulties to the economy. This is due to the big increases in the output value of agriculture and industry, in the volume of retail sales and in bank savings.

He also reported on the draft budget for 1980 and financial estimates for 1981. He said: In order to boost production in the old revolutionary base areas, remote border regions, areas inhabited by the minority nationalities and places with a rather poor economic foundation, the state has started from this year providing development funds to aid the economically undeveloped areas. The amount for this year is 500 million yuan. Appropriations for cultural, educational and health work and for scientific development this year will amount to 14,830 million yuan, an increase of 1,620 million yuan over that of 1979.

Deputies taking part in the first day's meeting totalled 3,255.

In accordance with the principle of giving less publicity to individuals, no portraits of Party and state leaders were hung on the rostrum.

All members who had come to Beijing to attend the Third Plenary Session of the Fifth National Committee of the Chinese People's Political Consultative Conference were present as observers. Foreign diplomatic envoys and journalists were also invited for the first time since 1960 to the meeting.

## Third Session of Fifth C.P.P.C.C.

The Third Session of the Fifth National Committee of the Chinese People's Political Consultative Conference (C.P.P.C.C.) opened in Beijing on August 28.



Deng Xiaoping making the opening speech.

Deng Xiaoping, Chairman of the C.P.P.C.C. National Committee, delivered the opening speech. Noting that China's revolutionary patriotic united front had developed and become more consolidated than ever before, he called on all the members to make efforts so that the united front and the C.P.P.C.C. will make positive contributions in bringing into full play the superiority of the socialist system.

The C.P.P.C.C., he said, is an important organization which, under the leadership of the Chinese Communist Party, works for the unity and co-operation between all parties and non-party personnel. It is also a major form for our political system to give scope to socialist democracy and practise mutual supervision.

To make China a modernized, powerful socialist country with a high degree of democracy and civilization, he pointed out, great efforts should be made to bring into play the superiority of the socialist system. Economically, we should

actively develop the social productive forces and gradually improve the people's material and cultural well-being; politically, we should bring socialist democracy into full play, perfect the socialist legal system, and develop the political situation of stability, unity and liveliness; and organizationally, we must do our best to discover, train and promote a large number of competent people who are qualified to work for the four modernizations.

Deng Xiaoping stressed that the C.P.P.C.C. should maintain extensive contacts with the people of all circles, give full play to the role of democratic consultation and supervision and encourage the people to study Marxism-Leninism-Mao Zedong Thought and professional knowledge.

Xu Deheng, Vice-Chairman of the C.P.P.C.C. National Committee, gave a report on the work of the Fifth National Committee. He pointed out that during the past year the C.P.P.C.C. did a great deal of work in carrying forward the tradition of democratic consultation, developing socialist democracy, organizing its members to go on visits and make investigations, making suggestions to the government, working for the early return of Taiwan to the motherland and promoting people's diplomacy.

Of the 2,055 members of the National Committee, 1,712 attended the opening ceremony.

Diplomatic envoys from various countries were also present.

Discussion have been carried out in the last few days among the C.P.P.C.C. members who are also attending the Third Session

of the Fifth National People's Congress as observers.

## Oil Rig Accident Sternly Dealt With

The capsizing of the oil rig *Bohai No. 2* (see No. 31, p. 7), the most serious accident in the history of China's petroleum industry, has been sternly dealt with in accordance with a decision of the State Council on August 25. Song Zhenming was removed from the post of Minister of Petroleum Industry, and Vice-Premier Kang Shien, who is in charge of the petroleum industry, was given a demerit of the first grade.

The Tianjin Intermediate People's Court has conducted a public trial against four others—Ma Jixiang, director of the oceanic petroleum exploration bureau; Wang Zhaozhu, deputy director of the bureau; Zhang Dejing, deputy general dispatcher of the bureau; and Lin Yongzhi, captain of the towing vessel *Binhai No. 282*, who should bear the direct responsibility for the disaster. They were sentenced to imprisonment for a term of four years, three years, two years and one year respectively.

The disaster took place in Bohai Bay on November 25 of last year, taking a toll of 72 lives.

An investigation made by a group jointly organized by the State Economic Commission, the State Bureau of Labour, the All-China Federation of Trade Unions and other units showed that after the oceanic petroleum exploration bureau received orders from the Ministry of Petroleum Industry to move the rig as quickly as possible to a

new site—a task difficult to accomplish—it resorted to methods in violation of safety rules and had the rig towed away in spite of a strong gale which had been forecast by three weather stations.

The responsibility for the accident lay mainly with the leadership of the Ministry of Petroleum Industry which ignored objective laws and safety measures in production and did not respect the opinions of the workers and staff members. The ministry made no attempt to conscientiously investigate the causes of the accident long after it had occurred, nor did it report the facts to the State Council. In order to shirk the responsibility and cover up the case, Song even requested that the State Council name the sunken rig "a heroic oil rig" and confer the title of martyrs to the 72 victims.

In his letter of self-criticism to the State Council on August 23, which was published in all the newspapers, Song admitted that he and other leading comrades in the ministry had been arrogant and complacent as well as bureaucratic in their style of work, with little respect for science or the opinions of other people. This led to violations of operating rules and regulations. After the accident, the ministry leadership adopted the abominable attitude of evading responsibility and covering up their mistakes. For his mistakes Song requested that he be relieved of his post.

When the decision of the State Council was announced, there were strong repercussions throughout the country. Workers and staff members of the various oilfields and industrial

departments all expressed their support for the decision; they pledged to draw lessons from this disaster and take concrete measures to improve their work.

Before the decision was made public, papers in Beijing published numerous articles stressing the gravity of the accident, analysing the causes and criticizing the style of work of the leadership in the Ministry of Petroleum Industry. Public opinion also demanded that the case be sternly dealt with.

In an editorial entitled "A Profound Lesson" published on August 27, *Renmin Ribao* pointed out that the lesson should be drawn from various aspects. So far as the leadership is concerned, the most important point is not to be arrogant. Once a leading cadre becomes conceited, he will always insist on his own way of doing things and issue orders regardless of actual conditions, thereby causing setbacks in economic construction.

The editorial stressed that for quite a long time there existed in our political life the phenomenon that discipline was not strict and that there were no clear-cut provisions for giving rewards or meting out punishments. Disciplinary measures were seldom taken against a leading cadre, especially a high official, who had committed mistakes in work, unless he had obviously violated the law. Even if major accidents had happened resulting from wrong guidance or bureaucracy, thereby causing losses in life or state property, those responsible were seldom punished as was done in the early post-liberation days. This of course does not

help leading cadres work conscientiously; in fact, it dampens the enthusiasm and confidence of the people in the Party and socialist cause. Those who make mistakes in their work should be helped to correct them. But those who have committed big mistakes or faults with serious consequences must be duly punished.

## **ECONOMIC**

### **New Management System In Factories**

A new management system is being tried out in a number of factories in China. Under this system, apart from having their own economic accounting and paying taxes to the state, the factories assume sole responsibility for their own profits or losses.

This is a new measure taken since some industrial enterprises were given greater power of self-management last year. (See *Beijing Review*, p. 3, No. 33, 1980.)

In the past, the state-owned

factories turned over all their profits to the state and they received subsidies whenever there were losses; moreover, all the funds they needed were provided by the state. This had its shortcomings, because whether the factories were run well or not and whether they made profits or suffered losses had no direct bearing on the workers or staff members.

Now these factories do not hand over their profits to the state, and after paying their business tax, fixed assets tax and income tax, they retain the rest of the profits they have made for the expansion of production, for bonuses and for improving the workers' welfare. In this way they enjoy greater power of self-management with regard to production, supply and marketing, and the handling of personnel and financial affairs. They thus become comparatively independent socialist commodity producers under the unified guidance of the state plan.

The new system has yielded encouraging results this year. It has enhanced the initiative of the factories and the

paying of taxes has ensured a reasonable distribution of profits between the state and the factories concerned.

The State Economic Commission has issued a circular to all the provinces, municipalities and autonomous regions, informing them of the new system practised in some factories in Shanghai, Sichuan and Guangxi and calling upon them to adopt similar measures in the light of their own conditions.

## **FOREIGN RELATIONS**

### **Vice-Premier Li on Sino-U.S. Relations**

Vice-Premier Li Xiannian met with Claudio Signorile, National Deputy Secretary of the Italian Socialist Party, on August 28.

Referring to Sino-U.S. relations, the Vice-Premier said: "The recent statements on U.S. relations with Taiwan by U.S. Republican presidential candidate Ronald Reagan run counter to the spirit of the Communiqué on the Establishment of Diplomatic Relations Between China and the United States. Such statements are aimed at advocating 'two Chinas' or 'one and a half Chinas,' which the Chinese Government and people will never accept."

"China is working to develop relations with the United States not merely in our own interests but in the common interests of our two peoples and from a global strategic point of view," Vice-Premier Li pointed out. "Sino-U.S. relations must be handled within the context of the communiqué on the establishment of relations between the two countries, instead



The Shenyang Aluminium Plant in northeast China has increased its output value by 11 per cent in the first half of this year compared with the corresponding period of last year after introducing the new management system.

of the so-called U.S. "Taiwan relations act."

Li Xiannian expressed the hope that Sino-U.S. relations would continue to develop and should not be bogged down, let alone slide back.

Speaking of Sino-Italian relations, Vice-Premier Li expressed satisfaction with the development of existing friendly relations and wished for their steady development. He added: "We are looking forward to President Alessandro Pertini's visit to China."

### Vice-Premier Bo in Canada

Vice-Premier Bo Yibo recently paid an official visit to Canada. On August 26 when he met Prime Minister Pierre Trudeau, they exchanged views on bilateral relations and international issues of common interest, including the situation in Afghanistan and Indochina.

On August 25, the notes of understanding on consular and other matters were exchanged between China and Canada and signed by Vice-Premier Bo and Canadian Minister of Industry, Trade and Commerce Herbert Gray on behalf of their governments. According to the notes, China will establish a consulate-general in Toronto, in addition to the one already set up in Vancouver in 1974, while Canada will open consulates-general in Shanghai and Guangzhou.

Referring to some of the recent statements made by Ronald Reagan, the Vice-Premier said that China is willing to co-operate with the United States. China wishes to get aid from foreign countries, but such aid is based on the principle of independence. Sino-American co-operation can only be built on

the basis of equality and mutual benefit, and the Chinese people will never barter away such an important question of principle as Taiwan.

**Sino-Soviet Relations.** On the possibility of China improving its relations with the Soviet Union, Vice-Premier Bo said that it would be possible only if the Soviet Union abandons its policy of global hegemony, its aggression against Afghanistan, its support for Viet Nam's aggression against Kampuchea and its policy of hostility towards China. But judging from its present deeds, there is not any possibility that the Soviet Union will do so. So long as the Soviet Union does not change its policy of aggression, Vice-Premier Bo said, China's policy towards it will remain the same, that is to say, China will oppose it through to the end.

### Support for Palestinian People's Struggle

The Chinese Government and people will, as always, support the Palestinian and other Arab people in their just struggle to recover their national rights and occupied territories.

This was pointed out in a press communique released on August 26 on the visit to China by the delegation of the Palestine National Liberation Movement (Al Fatah).

The two sides reiterated that the core of the Middle East question is the Palestinian question and that the Palestine Liberation Organization is the sole legitimate representative of the Palestinian people. The Middle East question should be solved comprehensively and reasonably at an early date. As

prerequisites for such a solution, the communique said: "Israel must withdraw from all occupied Arab territories; it must recognize the Palestinian people's right to national self-determination, including the right to an independent state of Palestine; and the Palestine Liberation Organization has full right to participate in the effort to seek a comprehensive and just settlement of the Middle East question. The two sides emphasize that the broad-based unity of the great Arab countries and people is the sure guarantee for the realization of the national goal of the Arab people."

The two sides strongly condemned Israel for its persistence in aggression and expansion and its policy of persecuting the Palestinian people in the occupied territories. They also condemned the Israeli authorities for their annexation of the holy city of Jerusalem and pointed out that their action to change the character and status of Jerusalem was "illegal, null and void."

Both sides expressed the firm belief that the just cause of the Palestinian and other Arab people will continue to win the deep sympathy and support of the Islamic, African and non-aligned countries as well as all justice-upholding countries and peoples.

### Strong Protest Against Soviet Government

On August 25, Yu Hongliang, Director of the Soviet Union and East European Affairs Department of the Chinese Foreign Ministry, summoned G.V. Kireev, Charge d'Affaires ad interim of the Soviet

Embassy in Beijing, and handed him a note strongly protesting the despicable act of the Soviet authorities for ordering the agents of the Soviet State Security Committee to intimidate and incite Chinese diplomatic personnel to defect. This was a serious violation of international law and the norms governing relations between states.

The note said: "Wang Haiyan, attache, and Jia Chengxi, employee, of the Chinese Embassy in the Soviet Union, arrived in Minsk on August 17, 1980 on their way to Moscow from the Federal Republic of Germany where they had conducted official business. A local hotel persisted in putting them in two single rooms on the pretext that no double rooms were available.

"At midnight, two Soviets intruded into Wang Haiyan's room and, after identifying themselves as the agents of the Soviet State Security Committee, tried to force Wang to agree to 'co-operate' with them.

"When Wang Haiyan turned down their demands, the two agents put pressure on him by making false charges claiming that Wang had collected intelligence in the Soviet Union and had had illicit relations. They openly threatened that if Wang refused to comply, they would create a traffic accident to kill Wang Haiyan and Jia Chengxi on their way to Moscow, trying in this way to coerce Wang into agreeing to their demands."

The note declared: "The Chinese Government demands that the Soviet Government

adopt measures to ensure the safety of Wang Haiyan and other members of the Chinese Embassy in the Soviet Union, and to guarantee that similar incidents will not occur again in the future. Otherwise the Soviet side will be held fully responsible for all the grave consequences arising therefrom."

## News in Brief

### Delegation From Seychelles.

Hua Guofeng, Chairman of the Central Committee of the Communist Party of China and Premier of the State Council, on August 23 met the delegation of the Seychelles People's Progressive Front led by Guy Francois Sinon, Secretary-General and Minister of Administration and Political Organization. Premier Hua declared: "China appreciates Seychelles' foreign policy of non-alignment and supports her position to make the Indian Ocean a zone of peace."

**Ji Pengfei in Kenya.** Vice-Premier Ji Pengfei paid a five-day visit to Kenya in late August. This was the first lap of his scheduled tour of ten Asian and African countries. In Nairobi, Vice-Premier Ji met with President Daniel Arap Moi and other Kenyan leaders. They reviewed with satisfaction the relations between the two countries and expressed the wish to strengthen their friendship and co-operation.

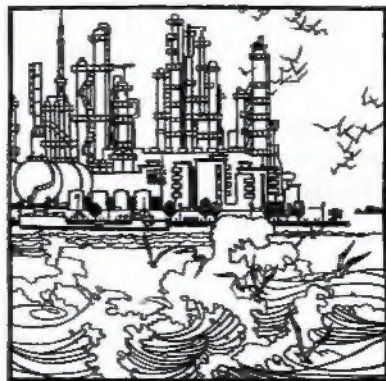
**Co-operation With West Germany.** China's Central Meteorological Bureau and the Meteorological Bureau of the Federal Republic of Germany signed an agreement in Geneva on May 28 to set up a telecommunication line linking Beijing

with Offenbach. This line has begun operation on August 1. The line operates as part of the global telecommunication system of the world watch of the world meteorological organization.

The Shanghai Shipyard recently signed a compensatory trade agreement with two West German companies. Under the agreement, funds for building a container factory at the Shanghai Shipyard will be provided by Contrans, a West German container leasing company. The main building will be constructed, equipment provided and workers trained by Habatec, a West German container engineering company. The factory is scheduled to begin production in October 1981.

The Shanghai Shipyard will provide 30,000 containers for Contrans from 1982 to 1986 as compensatory trade.

**Technical Co-operation With Japan.** The Jiangnan Shipyard under the China Corporation of Shipbuilding Industry and Mitsubishi recently signed a contract on technical co-operation. Under this contract, Mitsubishi will send experts and other technical personnel to help the shipyard improve its techniques.



*The U.N.***Not a Puppet Theatre**

**P**RIOR to the 35th U.N. General Assembly, the Vietnamese authorities dispatched several of their top officials to some African, Latin American and Middle East countries to drum up support to seat the Heng Samrin regime in the United Nations. At the same time and for the same reason, Viet Nam and Cuba asked the U.N. to include "On the Problem of Peace, Stability and Co-operation in Southeast Asia" in the agenda.

Who should occupy the Kampuchean seat in the United Nations should never in the first place be a problem, because Democratic Kampuchea, an independent, neutral, non-aligned and sovereign country, has been a member of the United Nations for many years. The Heng Samrin regime is nothing but a puppet regime set up by Viet Nam after it invaded Kampuchea. Without Vietnamese bayonets to prop it up the regime would not last a day. Ever since Viet Nam gave birth to this cretin regime, Hanoi and Moscow have been trying their utmost to get the Heng Samrin regime into the United Nations and, failing that, at least keep Democratic Kampuchea out to leave the seat vacant until the time and opportunity appear to sneak the puppet regime into the United Nations. If this happens, Vietnamese aggression against Kampuchea would become "respectable" and it would encourage Hanoi to further aggression and expansion.

Safeguarding the lawful seat of Democratic Kampuchea in

the United Nations must not be confused with recognizing its government and approving its policies. What policies a country adopts within its territory is its own affair. Recognition of a government does not mean approval of its policies. Safeguarding the lawful seat of Democratic Kampuchea is a matter of principle; it is upholding the U.N. Charter. No member of the United Nations should allow any country to overthrow the government of another country by force and replace it

with a puppet regime of its own making simply because the government and its policies are not to its liking. Think of the consequences if this were to be countenanced! Similarly, no member of the U.N. should be asked to give up its seat to a puppet. The U.N. is not a marionette theatre.

The struggle to safeguard the lawful seat of Democratic Kampuchea in the United Nations is inseparable from defending peace in Southeast Asia and the world as a whole. Only those with eyes to see and who refuse to see can deny that the root of the instability and

Khieu Samphan

### **Three-Point Solution to The Kampuchean Question**

**K**HIEU Samphan, President of the Presidium of the State of Democratic Kampuchea and Prime Minister, said in his letter to the Kampuchean Relief Centre of Japan on August 15 that the Government of Democratic Kampuchea and the Patriotic and Democratic Front of the Great National Union of Kampuchea offer the following three-point solution to the question of Kampuchea and to ending the suffering of the Kampuchean people:

One, the Hanoi authorities must withdraw their forces from Kampuchea in accordance with the resolution of the 34th U.N. General Assembly Session and allow the Kampuchean people to settle their own affairs free from outside interference;

Two, after the Vietnamese troop withdrawal from Kampuchea, the

Kampuchean people may choose their own national government through a general election by free, direct or secret ballot, and if necessary, under the supervision of the U.N. Secretary-General or his representative; and

Three, the Government and people of Democratic Kampuchea would bear no grudge against Viet Nam and the Vietnamese people, would make no demand for indemnity, but would live in peace and friendship with them, provided the Hanoi authorities withdraw all their troops from Kampuchea.



Khieu Samphan (left) and Ieng Sary meeting Western reporters in northwest Kampuchea.

turbulence in Southeast Asia lies in the Moscow-backed Vietnamese invasion of Kampuchea and in Viet Nam's continuing armed threat to Thailand and even sending troops into Thailand. Tension in Southeast Asia today is Vietnamese-made and Viet Nam must not be encouraged to continue with its policy of aggression and expansion, and the puppet regime it has installed cannot be allowed inside the United Nations. The U.N. General Assembly resolution of last year demanding that Viet Nam pull its troops out of Kampuchea is a positive step to

restoring peace and stability in Southeast Asia. If the Vietnamese acted on it, Southeast Asia would be a happier place. But unfortunately for all, particularly for the people in all the countries of Southeast Asia, Viet Nam has chosen to ignore it. Instead, Viet Nam now puts forward a "proposal," with the aim of diverting attention from its genocidal crimes to a debate about who should represent Kampuchea. It is adding insult to injury.

— "Beijing Review" news analyst An Ding

**"Spark" (Sweden)**

## China's New Road

*Below are excerpts from "Spark," organ of the Swedish Communist Party, which carried a comment on China's present foreign policy in its August 15 editorial entitled "China's New Road." — Ed.*

**C**HINA has abandoned its "Cultural Revolution." Those who were once branded as revisionists and renegades have been rehabilitated and are now holding important positions.

What is really happening in China? Has China started down the capitalist road?

China is one of the third world countries. She managed to escape being colonized and has stubbornly refused to knuckle to new masters—even a "socialist" master. Unlike Viet Nam, she has not attacked her neighbours to conquer them nor has she been turned into a base for superpower expansion. China is also not like Mongolia, a colony of a foreign power. The present foreign policy followed by China is based on fundamental principles worked out between 1949 and 1955.

A country is primarily judged by the foreign policy it carries out. From her foreign policy, we can see whether China is a friend or foe, whether her policy helps to defend peace or leads to war. China's foreign policy has not changed at all.

To us Communists, it is still imperative for us to study what is going on in China, for, as everyone knows, we are struggling for socialism.

We believe the Soviet Union is not a socialist country. The social system in the Soviet Union is actually a form of fascism. If such a system is

considered "socialist," then we must at all costs prevent such a "socialism" entering our country.

While we fully believe that China is a socialist country, we do not mean that we desire a "Chinese form of socialism" in our country. We Swedish people must find our own way.

Historically, socialism is still very young. Marx and Engels did not live to see socialism, while Lenin saw only the birth of socialism. The "Soviet socialist model" has not brought political democracy and has not freed its economy from economic crises to bring about swift, continuous growth.

China has always taken pains to avoid committing the mistakes the Soviet Union committed. If people take the planned economy of the Soviet Union and certain other orthodox ways of doing things as models, they could be led to think that China is taking the capitalist road. But following the orthodox ways of doing things cannot solve the problem of bureaucratization. This question must be tackled if socialism is to show the labouring people in their millions its superiority over capitalism. Socialism must show its superiority in both economic development and political democracy.

## Why Moscow Is Pressuring Japan

**Report From Tokyo**

**M**OSCOW has been putting the squeeze on Japan since the formation of the Suzuki cabinet in an attempt to reverse the new Japanese Government's attitude towards the Soviet Union and the Soviet invasion of Afghanistan.

To show its distaste for the Soviet invasion of Afghanistan, the former Japanese Government led by Masayoshi Ohira temporarily froze contacts with Soviet government officials, suspended new loans and restricted exports of sophisticated technology to Moscow, and refused to take part in the Mos-

cow Summer Olympics. These measures have obviously miffed the Soviet Union.

**Unneighbourly.** After the formation of the Suzuki cabinet, Moscow made some small conciliatory gestures towards Tokyo, such as sending a department head of the Soviet Foreign Ministry to visit Japan and again offering joint development of Siberia. At the same time, however, the Soviet media raised a loud outcry to make the Japanese more amenable to unreasonable Soviet demands that Japan change its stand over the Soviet invasion of Afghanistan.

Radio Moscow on August 19 attacked the Japanese Foreign Ministry's Blue Book on diplomacy for describing the Soviet



Crippled Soviet nuclear submarine being towed home through Japanese territorial waters.

military buildup on Japan's northern territories as "regrettable." It said: "The Soviet Union has pointed out that the Japanese Government's territorial demand is both illegal and groundless. The Soviet defence measures there are entirely a domestic affair. The stagnant Soviet-Japanese relations

cannot be improved so long as this issue is raised."

Prime Minister Zenko Suzuki in a press statement on August 18 reminded the Soviet side that it should also make an effort to help create the necessary conditions to normalize relations between the two countries. Four days later, Radio Moscow charged that Suzuki's statement was an indication of Japan's "official participation in the propaganda campaign against a 'Soviet military threat.'" It alleged that "a propaganda campaign in Japan against a 'Soviet military threat' is incompatible with the call for renewing the friendly relations with the Soviet Union." The radio said: "In order to promote the development of good-neighbourly relations between Japan and the Soviet Union, efforts to create conditions are necessary, but such efforts should obviously come from the Japanese side."

Thus, in Moscow's opinion, Japan should refrain from mentioning either the northern territories or the Soviet threat in order to create conditions for improving relations between the two countries. However, Prime Minister Zenko Suzuki has stated clearly that the return of the northern territories to Japan should be the basis of friendship between Japan and the Soviet

### Soviet Submarine Surfaces

A RUSSIAN Echo-1 class nuclear-powered submarine caught fire on August 21 and was forced to the surface east of Okinawa. The crippled Soviet nuclear submarine was towed through Japanese waters without Japanese permission and this led to the Japanese Government on August 23 lodging a strong protest with the Soviet Government. It was "unfriendly and regrettable," said the Japanese Foreign Ministry.

Japan is the only country in the world to have suffered atomic bombing in war and the Japanese people were, not surprisingly, greatly perturbed by the Soviet submarine's accident so close to their coast. For days the image of the Soviet nuclear-powered submarine appeared on Japanese TV screens to remind the people that their "good neighbour," as the Soviets like to make themselves out to be, is not such a good neighbour below the surface.

There is a constant shuttle of Soviet warships past Japan and their numbers are growing.

The number of Soviet submarines, including nuclear-powered submarines, being deployed in the Pacific has gone up. This has led to a vast change in the naval buildup in the Pacific between the Soviet Union and the United States. The Soviet Pacific Fleet now has 130 submarines, approximately 60 of which are nuclear-powered. This is 36 per cent the total number of submarines the Soviet Union possesses. It had 22 per cent of its submarine force in the Pacific in 1965. The U.S. Seventh Fleet has 46 submarines, 38 nuclear-powered. It is easy to see Moscow's superiority, in submarines alone, over the United States.

The Soviet nuclear-powered submarine surfacing close to Okinawa should be seen as a sign of the turbulent times the West Pacific has entered into, making people aware of the seriousness of the situation in the West Pacific.

Union. Foreign Minister Masayoshi Ito has also declared that implementation of the U.N. resolution calling for Soviet withdrawal from Afghanistan should be a prerequisite for improved Japan-Soviet relations.

**Moscow's Aim.** Moscow knows that its high-handedness towards Japan would arouse strong opposition from the Japanese Government and people. But it thinks it's worth the effort. Moscow wants, first of all, to call the tune for the planned talks between the Soviet and Japanese Foreign Ministers when they attend the U.N. General Assembly Session in September and to compel Japan to say nothing about the northern territories or the Afghan issue during the talks. Secondly, Moscow wants to take advantage of its geographical position and military strength to force Japan to withdraw its measures of disapproval so that the Western unity against Moscow's invasion of Afghanistan will be disrupted.

The Soviets do not yet have a full appreciation of the degree of Japanese opposition to their invasion of Afghanistan and their military buildup on the Japanese northern islands because of their all-consuming ambition to attain world domination. But eventually they will be made to feel the full weight of their repugnant actions.

— *Xinhua Correspondent*  
Wu Xuewen

### **New Dictator in South Korea**

ON August 27, Chun Du Hwan, the new military dictator of south Korea, made himself the 11th "president" of south Korea. The late Pak Jung Hi now has someone to continue his fascist Yushin system.

A devoted disciple and former protege of the assassinated dictator, Pak Jung Hi, Chun had helped Pak massacre 130,000 patriots soon after Pak came to power. After Pak's death in October 1979, Chun went about step by step clearing away opposition to his seizure of power with a cunning and a ruthlessness his late mentor would have admired. He made himself head of the army by purging senior officers likely to challenge him and putting his pals in their posts. He wooed and won the Pak hard-liners in the military to help him bring the supreme organs of south Korea under his control.

Chun Du Hwan also unleashed a reign of terror, arresting several thousand people on unsubstantiated charges and carried out a widespread purge in the political, educational and publishing circles. Suspected dissenters were thrown out from schools, universities, newspapers and broadcasting stations.

Chun Du Hwan's persecution of Kim Dae Jung, a democrat well known for his persistent opposition to the late Pak's authoritarian rule, has given the clearest indication that Chun Du Hwan will let nothing stand in his way to make himself another Pak Jung Hi. "The boss is out to neutralize or eliminate all politicians of any

stature," said one of Chun's chums. Kim Dae Jung advocates freedom and democracy for the people of south Korea and early reunification of his country. But this is not what he is being put on "trial" for. Kim Dae Jung, who had hoped to be an opposition candidate for president in an election, has been indicted by a military court on charges of "plotting to overthrow the government," "inciting the riots in Kwangju," and "subversion," which carry the death penalty. What Chun Du Hwan attempts to achieve by these charges is so transparent that it leaves no one in doubt. Besides stirring up greater indignation and repugnance for the new tyrant among the people of south and north Korea, he has also won greater opprobrium from the world.

Chun Du Hwan has made himself "president," but he does not know what he has got himself into. South Korea is racked by spiralling inflation, rising foreign debts, sharpening social contradictions and infighting within the ruling clique. These are the least of his worries. His autocratic rule leading to increasingly repressive measures against the populace is going to build up a storm that will eventually sweep him and his loathsome clique away.

## **The Iranians Did Right**

EARLIER this year, the Soviet Union let Iran know that it was willing to provide it with "aid," including military aid, but the Iranian leaders turned down the offer. Recently, the Soviets made another offer—to sell weapons to Iran. Again the Iranians firmly said, No.

Offering military and economic "aid" to other countries has always figured prominently in Moscow's bag of tricks to push out abroad. Deliveries of Soviet weapons are inevitably followed right after by a swarm of Soviet "experts" and "advisers" to tell what the recipient country should do and not do. If the recipient country is not ame-

nable to Soviet wishes, deliveries of parts are suspended and, not infrequently, the Soviet Union tries to subvert that very country. Soviet offers of weapons to Iran have the domination of Iran as the goal. The Iranians were quite right to reject Moscow's offers. They have denied the Soviet Union an opportunity to infiltrate the country.

The Iranian Foreign Minister Sadeq Ghotbzadeh said on August 24 that much of Iran's troubles at home stem from the Soviet Union. "The Soviets are going to inordinate lengths to make sure Iran sinks deeper and deeper into international isolation," he said. "It wants us cornered and helpless so that, in desperation, we'll turn north." Another Iranian leader, the Ayatollah Khomeini, not long ago called on Moslems to rise and resist the Soviet Union, which he denounced as "a great satanic superpower."

These clearly indicate the Iranians understand the aggressive nature and strategic goals of Soviet social-imperialism.

After Iran asked the Soviet Union on August 17 to close one of its two consulates in Iran, Moscow announced the following day that it would shut down the one in Isfahan and change the status of the other in Rasht to a consulate-general.

Said an Iranian Foreign Ministry spokesman on August 23, "We do not understand why the Soviet Union chose Rasht, as it has only 200 Russian residents compared to 2,000 Russians in Isfahan." He wondered aloud that Moscow might not have some "strategic interest" in keeping the Rasht consulate. Rasht is located near the Caspian Sea and about 150 kilometres

from the Soviet border. Isfahan is situated in the hinterland of Iran, about 350 kilometres south of Teheran.

Iran has officially asked the Soviet Union to close its consulate in Rasht instead of the one in Isfahan, an Iranian Foreign Ministry spokesman said in Teheran on August 25.

Iranian vigilance and effective measures taken to guard against the Soviet Union are of immense importance for Iran in safeguarding its security and independence as well as in safeguarding peace and stability in the Persian Gulf area.

— Guo Feng

## Iraq's Foreign Policy

**F**OLLOWING its consistent policy of independence, neutrality, non-alignment and opposition to hegemonism, Iraq today is carrying out positive diplomatic activities and adjusting its relations with other countries to play a greater role in Arab and international affairs.

### Non-Alignment

The pillar of our foreign policy is non-alignment, says the Iraqi Government, which will host the 7th Conference of the Heads of State or Government of the Non-Aligned Countries in 1982. Iraq has already done much to develop its relations with other non-aligned countries and to promote unity and opposition to hegemonism and imperialism among Asian and African countries. Over the past year, Iraqi special envoys have visited a number of Asian and African countries and many African leaders have visited Iraq. Iraq has provided 2,200 million U.S. dollars of assistance to two dozen countries to help them develop their national economies and improve their national defences.

Iraq has at the same time improved its relations with Saudi Arabia, the Sudan, Jordan

and Morocco. President Saddam Hussein's visit to Saudi Arabia on August 5 was the first visit ever paid by the leader of Iraq to a neighbouring country since the ouster of King Faisal in July 1958. In April, Iraq re-established diplomatic relations with the Sudan, which were severed a year ago. Iraqi-Jordanian relations have also improved and a co-operation agreement was signed recently.

### Countering Hegemonism

Opposition to hegemonism features importantly in Iraqi foreign policy. Iraqi leaders have repeatedly pointed out that the country is resolutely against hegemonism and intervention by any into its internal affairs. President Saddam Hussein on February 8 put forward an "Arab national charter," in which it called for unequivocal opposition to foreign encroachment upon the sovereignty of any Arab nation and called on the Arab countries to adhere to the policy of strict neutrality and non-alignment. It advocated keeping foreign troops and bases out of Arab territories and called for the forging of the closest unity to oppose foreign invasion and sabotage.

Iraq's stand on the Soviet invasion of Afghanistan is quite clear. It condemns the invasion of this Islamic country.

At the special emergency session of the U.N. General Assembly on the Afghan issue held on January 14 this year, Iraq backed the resolution demanding a Soviet troop withdrawal from Afghanistan. It also initiated support for the calling of the Islamic Foreign Ministers' Conference and endorsed the resolution adopted at the conference condemning the Soviet invasion.

Closer ties with Western Europe and Japan have also been established in recent years. While it is firmly against the U.S. bias for Israel and the U.S. presence in the Persian Gulf, Iraq's attitude towards the United States has become more flexible.

As a major Gulf country, Iraq's more positive foreign policy is helping to counter superpower aggression and expansion in the Gulf area and the maintenance of peace and stability in the region.

— He Li

### Israel Bombards Lebanon Again

FOR two days, August 18 and 19, Israeli artillery, armour and planes pounded the Arnoun Area in south Lebanon. On August 18, 25 Palestinian fighters and Lebanese Moslem militiamen and civilians were killed and 26 people wounded. The assault was described as the most massive of its kind since the Israeli aggression in March, 1978. This attack was ordered by Prime Minister Begin in person and is a clear indicator of the aggressive and bellicose policy he pursues.

All this year, the Israeli authorities have done all they could to obstruct negotiations

over Palestinian self-determination. On June 2, attacks were made on the lives of three Palestinian mayors. On July 30, Israel proclaimed Jerusalem to be the "eternal and indivisible capital" of Israel and also rejected the resolution adopted at the emergency special session of the U.N. General Assembly calling upon Israel to withdraw from all Arab territories it has occupied including east Jerusalem within a given date.

These arbitrary Israeli acts have drawn strong opposition and condemnation from the Palestinian and other Arab peoples and all who uphold justice. Begin and his crew saw how isolated they were at home as well. They ordered this recent large-scale attack into southern Lebanon to undermine the armed forces of the Palestine National Liberation Movement, undercut opposition at home and abroad and block the efforts of many countries to find a solu-

tion to the Middle East question.

Begin tried by this renewed armed attack against the Palestinian forces to save his despicable regime and policies. But arms cannot save Begin. The Palestinian guerrillas led by Arafat, leader of the Palestine National Liberation Movement, and backed by Lebanese Moslem militia fought back and dealt the Israeli aggressors a heavy blow.

Israel's latest attempt to destroy the Palestinian armed forces has proved again that it just cannot ignore the Palestinians whom it can never destroy. The situation in the Middle East and inside the Israeli ruling circles is changing. Israel's attack into Lebanon has only made the Arab people realize all the more how important it is to strengthen their unity and carry on their fight against Israel.

— Ren Yan



A Palestinian camp in Lebanon after an Israeli attack on August 19.

### Namibian Independence

NAMIBIA (formerly known as S.W. Africa) is still illegally occupied by apartheid South Africa, although the International Court of Justice had

found that "the continued presence of South Africa being illegal, South Africa is under obligation to withdraw its administration from Namibia im-

mediately, and thus put an end to its occupation of the Territory." Since August 26, 1966, Namibians led by the South West Africa People's Organization (SWAPO) have been waging an armed fight to free their land from South African occupation. The United Nations Council for Namibia on August 24, 1973 proclaimed August 26 as Namibia Day in support of the Namibian people's just struggle.

**World Support.** In recent years, the armed struggle has been accompanied by sustained efforts on the part of the Namibian people to build up the mass movement against racist rule. The Namibians have the support of members of the Organization of African Unity (O.A.U.) and countries in other parts of the world. The United Nations General Assembly, the Security Council and the O.A.U. have passed many resolutions demanding the withdrawal of South Africa from Namibia and self-determination for the people of Namibia.

Faced by the growing struggle of the Namibian people and world opinion, the South African authorities were forced to agree in words to hold "peaceful negotiations" over the Namibian question. In August 1977, they acquiesced to elections being held for the independence of Namibia under the supervision of the United Nations. In April 1978, they were obliged to accept a revised form of the independence proposals put out by the five Western members of the Security Council, which provided for a U.N.-supervised election of a Namibian constituent assembly to draft a constitution for independence by the end of the year. SWAPO agreed to take

part in the preliminary negotiations.

In July 1978, the U.N. Security Council approved two resolutions based on the proposals. The first requested the Secretary-General to appoint a special U.N. representative to ensure early independence for Namibia through free elections held under U.N. supervision. The second declared Walvis Bay to be an inalienable, integral part of Namibia and called on the South African regime to terminate its illegal occupation of Walvis Bay and restore it to Namibia. A plan put forward by the Secretary-General of the United Nations for the realization of Namibian independence proposed that the special representative of the U.N. Secretary-General head a 750-member U.N. peace-keeping force and 1,300 civilian officials into Namibia to supervise elections. Troops of both sides were to stop hostile activities and retire to designated areas. South African forces were to pull out step by step and elections held seven months after the complete cessation of hostile activities. An elected constituent assembly would then draft a constitution and make preparations for the independence.

**South African Intransigence.** Independence for Namibia seemed in sight when the South African authorities suddenly repudiated the U.N. resolutions on the pretext that "effective supervision" of Angolan and Zambian support for the Namibian people "was not possible." To break the deadlock, the U.N. Secretary-General in July 1979 proposed setting up 50-km.-wide demilitarized zones on the Namibian-Angolan and Namibian-Zambian borders. But the

South African authorities continued to attempt to buy time against the advancing liberation forces. They expanded their so-called "counter-insurgency forces" and launched armed incursions into Angola and Zambia in an attempt to force them to stop their support for the Namibian people's struggle.

Since Zimbabwe's independence in April, the attention of African countries and the world at large has become focussed on the question of Namibian independence. At the meeting of the U.N. Council for Namibia held in Algiers in May this year, a declaration and an action programme on the Namibian issue were passed. The declaration strongly condemned the continued South African military control of Namibia and the plunder of Namibian resources, reaffirmed support for the Namibian people's struggle for independence and asked the U.N. Security Council to take action to see that the U.N. resolutions and plans for the independence of Namibia were carried out. The Security Council was also asked to impose mandatory sanctions against South Africa in accordance with Article 7 of the U.N. Charter. The meeting rendered powerful support to the Namibian struggle for independence.

The South African reactionary regime is fighting a no-win war in Namibia. This racist regime is fighting the Namibian people backed by the people of various countries and international organizations, and against history.

— Xu Dewen

## Special Interview

## More on Economic Reform

THE CHINESE ECONOMY IS BEING REFORMED IN ORDER TO REALIZE THE SOCIALIST TRANSITION PERIOD AND TO PREPARE FOR THE FINAL PHASE OF COMMUNISM.

Recently the Party Central Committee and the State Council adopted new economic policies which are intended to give fuller play to the strong points, protect competition and promote integration in the Chinese economy. Also adopted were some guiding principles which called for more creative approaches and flexible policies to stimulate the economy. In his interview with our correspondent, Xue Muqiao discusses why China cannot rely solely on state economy, why the organizing of joint enterprises in the cities is being encouraged and why China must develop commodity production. Xue Muqiao is an adviser to the State Planning Commission and Director of the Research Institute of Economics under the commission. Previous articles by him were published in Nos. 5, 12, 14 and a review of his "A Study on the Problems of China's Socialist Economy" was published in No. 17. — Ed.

### Various Forms of Management and Economic Sectors

**Question:** Why can't there be just one form of socialist public ownership in China?

**Answer:** To answer this question it is important to review first how the theory of scientific socialism has developed.

In 1875, Marx pointed out in his *Critique of the Gotha Programme*: Between the capitalist and communist society lies a period of transition. This transitional period cannot but be stamped with some traditions and birthmarks of the old society. In this book he also expounded the principle of "to each according to his work." As he held that the proletarian revolution would first be victorious in countries in which capitalism was highly developed, he envisaged public ownership by the whole society. He predicted that, in such a society, there would be no exchange of commodities and money would be replaced with labour certificates. This was a lofty ideal.

After the Russian October Revolution, Lenin summed up the experience of War Communism and the New Economic Policy and

pointed out that commodity and money would exist for a long time in the socialist period. After Stalin led the Soviet people in realizing the collectivization of individual farming, he pointed out in his report *On the Draft Constitution of the U.S.S.R.* in 1936 that there were two basic forms of public ownership in socialist society. Therefore, there remained the working class, the peasant class and the intelligentsia. This was a new development in socialist ideology.

Was there still commodity production after the realization of public ownership of the means of production? With regard to this question, there were different opinions in the Soviet Union. In his *Economic Problems of Socialism in the U.S.S.R.*, Stalin showed clearly that as long as there were two types of socialist public ownership, there must be an exchange of commodities and the law of value was sure to operate. This was another contribution to the theory of socialism.

However, Stalin failed to recognize that economic development was uneven in different parts of his vast country. He thought that there could only be one form of ownership by the whole people and one form of collective ownership of the means of production. He held that the law of value no longer played a regulating role in agriculture. Therefore, when the state purchased agricultural products from the peasants, the principle of exchange of equal values was violated. He also thought that products turned out by state enterprises were no longer commodities and that the means of production (capital goods) could only be allotted and transferred by the state and could not be exchanged on the market. So in formulating the economic management system, he only paid attention to planning as a regulator and overlooked the role played by the market.

After the founding of New China, we basically copied the Soviet Union's economic management system. But as old China was a semi-feudal and semi-colonial country, its economic development was even more back-

ward than the Soviet Union's and gaps between different places were even wider. For instance, Tibet was several centuries behind Shanghai. Such a situation cannot be changed in a short period of time. One basic principle of Marxism is that relations of production must conform with the character of the productive forces and the superstructure with the economic base. How can we expect all places in the country to follow one model and adopt one form of management?

Commodity economy is far from developed in our countryside. If we do not develop commodity production or make use of the role of the market, we will not be able to develop large-scale socialized production and build the socialism that Marx envisaged. Now, socialism in our countryside, based on a semi-natural economy, is an immature socialism. We cannot confine ourselves to carrying on socialist construction within the people's commune; we must march forward and strengthen the economic bonds between the cities and the countryside. In the cities, we must develop a market economy to suit large-scale socialized production. In the past we kicked aside the structure of market economy, which the capitalist world had built up over the past two to three hundred years and which has been adapted to large-scale modern production; we set up a completely different economic model of our own based on administrative orders. This weakened the economic links between different trades and different places and, to some extent, held up the development of the productive forces.

We must recognize that the idea of socialism did not come out of a few people's heads but was developed from a real social base. The attempt to bypass the period of a commodity economy, to wipe out overnight the differences which inevitably exist in the society and to build a homogeneous "pure socialism" runs counter to Marxist historical materialism.

**Q:** Then, what can we do to get out of the bondage of one model you mentioned earlier?

**A:** In my opinion, to build a developed socialist economy in China, we must allow the existence of various forms of management, and, within certain limits, the existence of a few other economic sectors as a supplement under the condition that socialist public ownership is absolutely predominant.

In the sector of socialist public ownership by the whole people, it is necessary to allow various trades, various places and enterprises with different degrees of mechanization and

different scales of production to adopt different forms of management. The forms of management in collectively owned enterprises should be even more diversified. We should accept differences in the level of public ownership. The economic sector owned by the whole people may include some collectively owned elements and the collectively owned sector may embrace elements owned by the individual.

It is a mistake to eliminate collective ownership in the cities. We must extensively develop co-operatives and co-operative groups which are organized on a voluntary basis, assume sole responsibility for their profits and losses, distribute bonuses according to the labour contributed and carry out democratic management. We should also allow a limited number of individual labourers who don't exploit others to exist. In order to provide employment for the young, we should establish a system which combines job placement by labour departments with individuals finding jobs for themselves or individuals organizing themselves on a voluntary basis to do the work they prefer.

As there are wide differences between various places in the rural areas, there should be different types of collective ownership in the countryside. The three-level ownership by the commune, the production brigade and the production team, with the team as the basic accounting unit, is suited to the level of development of the productive forces in most places in China. This does not rule out the possibility that a few communes whose production has developed very quickly make the transition to the stage at which the brigade, or even the commune, is taken as the basic accounting unit. On the other hand, we must not deny the

Carved lacquerware in a workshop jointly run by a state-owned factory and a production brigade on the outskirts of Beijing.



fact that there are still some very poor communes and brigades where the initiative of both the collective economy and the individual economy needs to be encouraged. When necessary, responsibility for production can be given to a group, even the household or individual, with income distributed according to output. We should be even more flexible on the question of ownership in sparsely populated mountainous and pastoral areas.

Some people ask: Does this constitute a step backwards? No. I don't see it that way. The superiority of an ownership is judged mainly by whether it can help raise social productive forces and labour productivity and bring the biggest economic results. It is impractical and unrealistic to depart from this principle.

Since the promulgation of the Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment in 1979, a new economic sector of a semi-socialist nature has come into being. If we allow capitalist countries to invest in China, we should of course allow overseas Chinese as well as compatriots from Xianggang (Hongkong) and Aomen (Macao) to invest in the motherland. Now these joint state-private enterprises have begun to develop in many parts of the country. Recently, the Shanghai Federation of Industry and Commerce (an organization of former industrialists and businessmen) set up the Aiguo (Patriotic) Construction Company. So far it has pooled 50-60 million yuan to build houses which will be sold to overseas Chinese. The company also lends money to small and medium-sized enterprises. Now, Tianjin and Beijing are also organizing similar companies. I think it is advantageous for our socialist construction to make use of the funds and management expertise of these compatriots.

**Q:** Will the economic basis of socialism be undermined by the existence of different economic sectors and various forms of economic management?

**A:** No, because socialist public ownership has already achieved absolute predominance and will not be shaken by the existence of some semi-socialist or non-socialist economic elements.

The socialist state economy gives a firm leadership with a large collectively owned economic sector as an aid and a small number of other economic sectors as a supplement—this is the way China may have to take in its socialist construction.

## **Give Play to the Strong Points of the Localities**

**Q:** Does the call to give play to the strong points of the localities mean that we are abandoning the idea to build an independent and comprehensive economic system in China?

**A:** China is a big country with a population of 970 million people and a territory of 9.6 million square kilometres. It is necessary to build an independent and comparatively comprehensive economic system in the country as a whole. It was absolutely correct for us to put forward the principle at the Eighth National Congress of the Communist Party of China in 1956. Later, however, it developed into the idea that every economic co-operation region,\* every province and every autonomous region should have its own comprehensive economic network. This was wrong. As natural conditions vary greatly from place to place, it is not possible for each place with its own characteristics to be self-sufficient in all products; nor is it necessary for each place to build its own comprehensive economic network. Our policy for economic construction should be to give play to strong points, fully utilize each place's favourable conditions and encourage the division of work and co-operation between different parts of the country.

China should also make full use of its strong points as a whole in order to enter the international market and compete with other countries. Our strong points are: an ample supply of labour power, a low cost of living and rich natural resources. Our weak points are lack of funds and a low level of technology and management skills. Therefore, for quite some time to come, we must make use of our rich natural resources as well as develop more labour-intensive industries and less capital- and technology-intensive ones. Only in this way, can we accumulate more funds gradually, enlarge the scale of China's economic co-operation abroad and make our heavy industrial departments enter the advanced ranks of the world.

**Q:** Are there contradictions between emphasizing the fullest possible utilization of the strong points of the localities and having a socialist planned economy?

**A:** No, there are no contradictions. In our socialist motherland, to give play to the strong

\* This refers to the six economic co-operation regions of north China, northeast China, northwest China, east China, central-south China and southwest China.

points of the localities requires the overall planning of the central authorities. Without this, even objectively existing advantages may not be fully used.

For example, Heilongjiang Province has an abundant supply of oil, timber, coal and grain. All these are urgently needed products in the country as a whole. With these four "trump cards," one might well say that the province enjoys a great advantage. However, all these products, except oil, are low in price and earn little profit. In fact, their production has often incurred losses. Why? Because some irrational aspects exist in the state pricing policy and commercial system now. Before the prices of timber, coal and grain are raised, it is necessary for the state to set a reasonable price for internal calculation and to make appropriate allowances for the province when a budget is drawn up. At the same time, the state should supply the province with light industrial and other needed products which are approximately equivalent in value to those products shipped out of the province. Otherwise, it will not be possible to give play to these four strong points.

### Competition and Economic Integration

**Q:** Why is competition protected now? What new contradictions does competition create?

**A:** Competition itself is not a bad thing. For instance, during the three years of economic rehabilitation (1949-52) and the period of the First Five-Year Plan (1953-57), there was keen competition between the state and private economies. The dynamic state economy quickly came to dominate the capitalist economy. After the basic completion of the socialist transformation of the means of production in 1956, such competition ended as the state economy became basically the sole economic sector. Bureaucratic tendencies gradually grew within the highly centralized management. The economic structure and economic life became increasingly rigid.

Restructuring the economic system was instituted over a year ago on a trial basis. The enterprises have greater power of self-management, and an integration of regulation by planning and by the market has occurred. Many means of production (capital goods) began to be transacted on the market. There are more channels for circulation of consumer goods such as trade fairs, sales exhibitions, meetings to place orders, warehouse markets, buying and selling at prices fixed by both parties, purchasing goods produced by factories according to demand, allowing factories to directly sell their unneeded

goods and permitting rural people's communes to sell their own products in cities. With more channels opened for circulation, the producers have direct contacts with the buyers. This is how competition has appeared on the market. It has played a certain role in spurring the enterprises to raise the quality of their products, improve their management and get rid of their bureaucratic style of work.

Competition should be permitted and protected if there is to be market regulation. Socialist competition is not free competition, but is carried out under the guidance of state planning on the basis of public ownership of the means of production. Herein lies the difference in principle between socialist and capitalist competitions. To encourage the advanced and spur on the backward, it is necessary to combine competition with material benefits. Here lies the difference between competition and an emulation drive, for in emulation drives the winners are not rewarded but just honoured. Some people fear competition might enlarge the economic differences between people. Actually these differences constitute a motive force that encourages the advanced and stimulates the backward. Our purpose is to speedily develop production and to provide conditions for the elimination of such differences in the future. Equalitarianism, a reflection of a petty-bourgeois viewpoint, is not scientific socialism.

Competition is in contradiction with the present rules and regulations, which divide trades by administrative means and block cooperation among different regions. It also contradicts the present price control system which permits only one planned price. These problems

At the Shanghai No. 10 Iron and Steel Plant production is organized according to the needs of the market.





More varieties of brocade are being produced by the Chengdu Brocade Factory through competition.

will be solved gradually in the course of restructuring the economic system.

By ensuring competition, various trades and enterprises will be forced to reform and reorganize. Otherwise, some enterprises will be eliminated through competition. Then the question arises as to whether a large number of medium-sized and small enterprises will go bankrupt. I think this can be avoided by encouraging integration.

**Q:** Why is economic integration stressed now? How should it be fostered?

**A:** By stressing local advantages and fostering competition, a contradiction might arise over materials, energy and markets, particularly between raw material producing areas and processing industries. For instance, a commune producing tobacco and silk cocoons might ask to process its left-over materials for sale after selling the required amount to the state; or they might give poor quality tobacco and silk cocoons to the state, keeping the good quality products for themselves. As a result, the state-run tobacco and silk factories will turn out less products of an acceptable quality. If this happens, it runs counter to the direction in which socialized large-scale production should develop. At present, the efficient way to solve such a contradiction is to encourage the processing industries to integrate (or co-operate) with raw material producing areas. In addition to organizing joint enterprises, the rural communes may give their extra raw materials to state factories for processing and share the profits.

At present China has 350,000 industrial enterprises owned by the whole people and nearly one million owned by the collective. Some

need to be rationally reorganized. The method to be used is to form joint enterprises on a voluntary, mutually beneficial, economical and rational basis (the original ownership and financial relations remain unchanged or are only slightly changed) and distribute profits and products according to certain proportions.

Take Shanghai for instance. Quite a number of factories have pretty high techniques and good management, but they have no more room for development. Recently they began to operate on a joint basis with commune-run enterprises on the city's outskirts, which provide land, workshops and manpower. City technicians and

managing personnel are on hand to give help, so that the communes are able to turn out simple spare parts or products. Beginning in 1979, some of these Shanghai factories began to run joint enterprises with factories in other provinces; Shanghai helps these provinces with funds and technical personnel to develop their own raw material industries and a portion of their products will meet the needs of Shanghai.

Joint enterprises may take various forms, such as ventures with jointly provided funds, co-operatively run factories, compensatory trade and processing plants. Owing to lack of experience, it is preferable to proceed gradually from small and simple enterprises to big and complicated ones; from loosely organized to well-organized enterprises. In some trades, as in the machine-building industry, it is suitable to organize specialized co-operative companies. In others, as in the textile industry, it is appropriate to have factories operate on their own, with companies co-ordinating the relations between different factories and rendering their services to the factories. In trades where the work is done mainly by hand, as in the food, clothing and furniture-manufacturing industries, it is better to operate on an individual basis than to organize a company.

To strengthen the economic links between the producer and consumer and to speed up commodity circulation, I think it is necessary to make the big cities like Shanghai, Tianjin and Guangzhou play their roles as economic centres once more. Before socialist transformation was completed in 1956, they formed a network of economic interflow with many medium and small cities. Such a network was the natural outcome of large-scale socialized production.

After the transformation, we copied the Soviet Union's economic administration system which consisted of direct control of the enterprises by the central ministries and the control of enterprises by provincial and municipal authorities. Thus the economic interflow network ceased to exist. I think it is necessary to rebuild these cities into big, medium and small economic centres, which can have direct contact with one another and help supply each other's needs under the guidance of state plans, instead of going through commercial departments at various levels.

**Q:** Do you think this will widen the economic gap between the advanced and backward regions?

**A:** No. Setting up economic centres and making investments in other provinces will not widen the gap between different regions. From a long-range point of view, this is the inevitable way to narrow the differences.

Take the United States for instance. In very general terms, it first developed 13 states in the east, then developed westward in the course of more than 100 years. Many advanced areas vied with one another to invest in the backward areas with the result that all the

states are fairly developed today. At present, there is still a wide gap between our advanced and backward areas. Before 1979, one area was not allowed to invest in another. This was unfavourable to narrowing the gap between different regions. We must make use of the strong points of the advanced regions and encourage them to help develop backward regions. If, instead, we demand that backward regions "rely on their own efforts," or try to get help from the central authorities, it will be even more difficult to narrow the gap.

Of course, economic co-operation among the regions must be carried out on a voluntary and mutually beneficial basis, and not decided by higher authorities. As China is a socialist country, the advanced regions are duty-bound to help less advanced regions develop economically, and may also acquire their raw materials and semi-finished products through co-operation. By exploiting their own resources with the funds and techniques of the advanced regions, the less advanced regions can give play to their own strong points. Such a division of work and co-operation is essential today and will be indispensable in the future even when the economy is developed all over the country. □

## Sweep Away Feudal Ideology

*The remains of feudalism are still here in our country poisoning us, and it is indeed a very serious problem. At this time, when summing up lessons from the Cultural Revolution, this problem has become all the more insistent.*

*Articles on this subject have been appearing in the Chinese press. The following one is by "Renmin Ribao" Special Commentator. — Ed.*

**O**N the forward march towards the four modernizations, it does not take long to find that forces of resistance of all kinds inevitably crop up blocking implementation of the line, policies and reforms. Where do these forces of resistance arise? Poisonous feudal ideological left-overs are certainly behind a considerable portion of them.

### Not To Be Taken Lightly

People's attention has become focused on the issue in this form: To remove obstacles to the four modernizations, it is necessary to make a realistic estimate of the influence of feudal

ideas on contemporary Chinese social life, especially on inner-Party life, and to place the struggle to sweep away the ideological influence of feudalism on a proper strategic plane. This certainly must not be taken lightly.

The Chinese Communist Party is a proletarian revolutionary Party founded in accordance with the ideological and organizational principles of Marxism-Leninism. From the very first day of its founding, we immediately started grappling with feudalism in a life-and-death struggle, and continued until the victory of the democratic revolution was won. In the meantime, our Party has also all along been subject to corruption and attacks by feudal ideas. The decadent concepts of the feudal tradition have persistently made themselves a spiritual force inside our Party, a force to be reckoned with. These remaining evils of feudalism, patriarchalism for one and "what one person says counts" for another, keep interfering and impairing our efforts to work out a correct political line and organizational line, affect-



Pilgrim A seeking a job transfer.  
 Pilgrim B asking for a pay raise.  
 Pilgrim C praying for larger living quarters.  
 Pilgrim D seeking rehabilitation according to  
 Party policy.  
 Pilgrim E requesting permission to sit for college  
 entrance examinations.  
 Pilgrim F . . . .

**Though small, the shrine seems to be all-powerful.**

*Cartoon by Fang Cheng*

ing and obstructing smooth implementation of the principle of democratic centralism. In the ten years of turmoil, the evil remnants of feudalism broke out in a malignant development bringing catastrophe to the Party and the society as a whole.

Nearly four years have elapsed since the overthrow of the gang of four. But the spectre of feudalism still haunts our society; it was, of course, impossible for it to vanish completely even when Lin Biao and the gang of four left the scene. The problem at present is this: The remaining influence of feudal ideology has not aroused people in society, and in the Party in particular, to exercise enough vigilance against it, let alone find an effective way to overcome it. This finds expression, for instance, in having blind faith in a particular individual, in patriarchalism on the part of some leading personnel who have all the say over everything, big and small, in some cadres seeking political prerogatives and perquisites in daily life, in some survivals of sectarianism or factional setups persisting in our Party, in the system of cadres holding office for life, in our cadres' bureaucratic style of work, in closed-doorism and bureaucratic methods of work in our industrial and commercial departments, and so on. In the last analysis, these are manifestations in modern life of feudal ideology (despotism, monarchism, authoritarianism, the "special privilege" mentality, obsession with hierarchical

stratification, clanship, obscurantism and so forth). This obstructs and undermines the Party's democratic centralism, its mass line, its style of seeking truth from facts; this obstructs and undermines the introduction of reforms. When worst comes to worst, the comradesly, people-to-people relations inside the proletarian Party and within the revolutionary ranks may degenerate into feudal relations between a king and his subjects, between a master and his servants, between a boss and his employees, into relations of one man in bondage to another.

### **Historical Lessons**

Why is it that after nearly 60 years of revolutionary struggle we have to this day failed to shake off this powerful, all-pervasive influence of decadent feudal ideology? Here, the answer involves both profound, complex historical causes and lessons to be drawn from our work.

In our country, during 3,000 years of feudal rule and 100-odd years of semi-feudal, semi-colonial rule, feudal ideology has become deep-rooted. The economic base and political institutions of feudalism were eliminated in the democratic revolution led by our Party. Although the colossal feudal ideological system of long historical standing has been criticized and repudiated many times, it is impossible to eradicate it completely within a short period of time.

After the victory of the democratic revolution, we established a state power under the dictatorship of the proletariat according to the Marxist theory for the period of transition from capitalism to communism and promptly pushed the revolution on to its socialist stage. This was entirely correct. But in actual work, in analysing China's characteristics and in assessing classes, we overlooked a very basic fact, namely, the fact that before the countrywide liberation, Chinese society was not a capitalist society, but a semi-colonial, semi-feudal one. In this specific historical situation, we were effecting a transition from a semi-colonial, semi-feudal society to a socialist society, rather than one from capitalism to socialism. In other words, we lacked a concrete, factual analysis of our historical situation in the application of the Marxist theory for the period of transition. It is quite all right that we have stressed the point that the main target of the revolution is the bourgeoisie and laid emphasis on repudiating bourgeois ideology. But then we failed to make a proper estimation of the traces of feudal society, of the impact of feudal ideology

on social life, especially on inner-Party life, of the corruption and attacks by feudal ideas, and accordingly failed to guard against them. The analysis we made was divorced from reality, which caused us to make mistakes in our actual work. We have failed to give the struggle against the influence of feudal ideology its proper place and have not been prepared to sweep away feudal ideology through a prolonged, sustained campaign.

In some circumstances, we have failed not only to draw a line of demarcation between proletarian ideology and bourgeois ideology, but also to draw a line between proletarian ideology and feudal ideology. This has made it possible for feudal ideology to succeed in passing itself off as proletarian ideology and ensconce itself in the Party and society with a legitimate status. For instance, proletarian centralism was confounded with feudal patriarchy and the latter was protected in much the same way as the former was protected. Again for instance, self-reliance was confounded with closed-doorism and the latter was encouraged in much the same way as the former was to be encouraged. In the ten years of turmoil, Lin Biao and the gang of four turned things from bad to worse. They undermined the proletarian dictatorship and exercised a feudal fascist dictatorship, brutally suppressing the cadres and masses; they energetically promoted the personality cult by confounding the masses' support for a proletarian leader with loyalty to a king and worship of a feudal emperor. In this socialist state of ours, they conducted a new deification campaign on an unprecedented scale.

As practice in both revolution and construction has taught us, in an economically backward country with a centuries-old feudal tradition after the working class has seized power, even though the revolution has entered the socialist stage, the influence of feudal ideology must not be overlooked. Accordingly, the working class party in power must give the struggle against corruption and attacks by feudal ideology a place of importance and carry on the struggle for a long time. Otherwise, we will be defeated by this corruption, to the extent that the Party, the state and we ourselves will be ruined. Such is the profound historical lesson for us to remember in all seriousness.

## Continue to Oppose Bourgeois Ideology

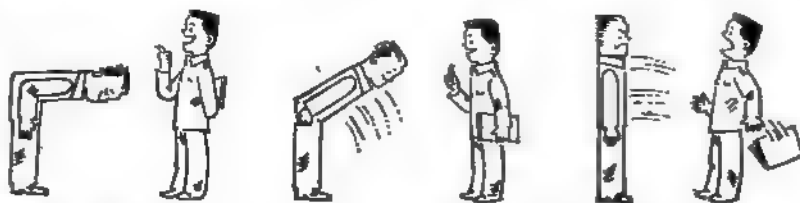
When we stress criticizing and repudiating feudal ideology, it certainly does not mean that we should relax our vigilance against bourgeois ideology. In the course of the four modernizations, with the increase of international contacts, the struggle against being corrupted by bourgeois ideology will become increasingly important. At present, among some of our young people as well as in departments and places involving many activities with foreigners, such a struggle is of special significance. Of course, by combating bourgeois ideology, we mean combating its world outlook of going after nothing but profit, its decadent way of life, way of thinking and style of work. It does not in the least preclude us from assimilating the scientific knowledge, the advanced technology and advanced methods of management in capitalist countries and placing them at the service of China's four modernizations. Similarly, in combating feudal ideology, we mean to eliminate the influence of the ideology of the landlord class on the revolutionary cause; it does not in the least preclude us from critically inheriting the cultural heritage of the feudal age, to make the ancient serve the present.

## Ideological Weapon Against Feudalism

What is our ideological weapon for combating feudal ideology?

To this question history has already given a just answer: In contemporary times, the ideological weapon against feudalism is Marxism.

The ideology of the small producer cannot possibly triumph over feudalism. A small producer who does business on an individual basis can only propagate equalitarianism. In the struggle against feudalism, he cannot possibly free himself from the influence of feudal authoritarianism, or break the bonds of feudal ideology. Comrades who joined the proletarian political party with the mentality of a small



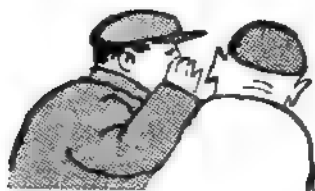
Bureau Director Ma,

his cousin

is a friend of mine

Look at the way he bows.

Cartoon by Zhao You and Jing Guo



— What's wrong with him?  
— He just won't leave the sedan.

Cartoon by Fang Cheng

producer, before they have changed their world outlook, often find it difficult to draw a line of demarcation between proletarian and feudal ideology and are easily subject to the influence of feudalism. This is especially so when their positions become higher and when they have more power in their hands, as it is very likely that they may become tainted with the desire for feudal prerogatives and the practices of royalty. They may even place themselves in a position that conflicts with the interests of the proletariat.

Nor is it possible for bourgeois ideology to triumph completely over feudalism, though historically the former was more progressive than the latter. But today, as capitalism has already entered the stage of decline, we certainly cannot eulogize capitalism because we want to combat feudalism.

### What Is to Be Done?

The elimination of feudal ideological influence should take place in two spheres.

In one sphere, we must carry out ideological education. We must seriously sum up the historical experiences since the founding of the People's Republic, including the 17 years after 1949, the ten years of the Cultural Revolution as well as the last four years following the downfall of the gang of four, draw a distinction between proletarian ideology and bourgeois ideology as well as feudal ideology to enhance our consciousness in combating the in-

fluence of feudal ideology. Feudal ideology, essentially, is an hostile ideology. But its reflections in the Party and in the ranks of our cadres, are contradictions among the people themselves. They should be resolved in a proper way, not in a simplistic or crude way.

In the other sphere, we must introduce institutional reforms. We have already replaced the old political and economic institutions with socialist ones. But the ideological survivals of feudalism are bound to reflect themselves in our institutions. Our Party and state institutions and regulations, written or unwritten, are inevitably stamped with the marks of feudalism. In real life, these institutions and regulations are protecting certain things that are feudalistic, leaving loopholes for feudalism to take root and grow.

We must seriously examine our political, economic and organizational institutions to find out which ones still retain traces of feudalism or provide feudalism ground for existence and growth. We must be determined to introduce reforms in real earnest. It is absolutely impermissible for this generation, our generation, to retain or even create conditions on which feudalism relies for growth and thus bring adverse effects on future generations.

In trying to completely eradicate the ideological influence of feudalism, the most fundamental thing is to work hard for the four modernizations, quickly expand the productive forces and develop large-scale socialized production. Feudal ideology was the product of the feudal economic base and of an extremely backward economic and cultural life of society. At present, feudal ideology, in the final analysis, owes its continued existence to the underdevelopment of our productive forces. Accordingly, the essential factor in eradicating feudal ideology from the minds of people can only rest on the development of the productive forces and changing as quickly as possible the material base and social conditions on which feudal ideology relies for its existence. We must concentrate our efforts on modernization. Only when the social productive forces have been highly developed, when the people's scientific and cultural level has been greatly elevated and socialist institutions have been put on a more sound basis, will the poisonous remains of feudal ideology be completely eliminated from our Party and from the society we live in.

(July 18. Subheads  
are ours.)

## ● **New Homes for Kailuan Miners**

New homes have been built for 23,930 miners, staff members and their families at the Kailuan coal mines and 20,062 unmarried workers are now living in new dormitories. The Kailuan Mining Administration is located in Tangshan city which was struck by a devastating earthquake four years ago.

Since then, 5.61 million square metres of floor space have been built in the city, including 2.57 million square metres of housing, 1.29 million of which went to the coal miners.

Miners, staff members and their families from eight of the coal mines will move into new homes by the end of this year. The rent is low. For instance, a two-room apartment with a floor space of 56 square metres is two yuan a month, only 3.4 per cent of the average income.

The Kailuan coal mines have built hospitals and clinics with a total floor space of 83,000 square metres and 1,800 beds. Both the mines and the residential quarters have health stations. And sanatoriums have

also been built for miners and staff members injured in the quake and unable to work.

## ● **Chinese Cuisine**

Some types of Chinese cuisine are being threatened with extinction, according to a recent article in *Renmin Ribao*. During the Cultural Revolution, few were willing to specialize in the profession because noted chefs were labelled as "reactionary authorities."

The most striking example comes from Hunan Province. Most of the experienced chefs who specialized in Hunan cooking, famous for its hot dishes, have retired or died. As a result, no one is qualified to teach the apprentices in many restaurants in the five cities directly under the provincial government.

The depletion of specialty cooks is being remedied by on-the-job training courses where apprentices study under the guidance of master chefs. Culinary schools and refresher classes have been reinstituted for cooks who want to brush up. Experienced cooks are

studying skills and management practices at newly established culinary research centres in Beijing and Shanghai.

Two hundred cooks have recently been trained in Chinese cuisine at the Beijing Hotel and one of the methods used is on-the-job learning. Its noted chefs teach trainees how to prepare the cuisine of Guangdong, Sichuan, Huaiyang (an area in Jiangsu Province) and the famous Tan family (an official family in the late Qing Dynasty period, which developed a distinct type of cooking that was based on the Guangdong school and specialized in sea food). Another ten or so apprentices have been trained in Western cooking at the Beijing Hotel.

The history of Chinese cuisine extends back over 2,000 years. Attention is paid to the arrangement and colours of



New houses for Tangshan citizens.



Master chef Chen Haiqing (2nd from right) teaching Sichuan cuisine to young cooks.

food on a plate as well as how it smells and tastes. There are eight major schools of cooking named after the provinces of origin: Shandong, Sichuan, Jiangsu, Zhejiang, Guangdong, Hunan, Fujian and Anhui. Shandong cooking is known for its delicate flavour; Sichuan, for its hot spicy peppers; Jiangsu and Zhejiang, for their nicely sweetened foods cooked in original juices; Guangdong, for its deep fried delicacies; and Anhui for its sumptuous stews. Beijing and Shanghai provide dishes of local flavour. Moslem restaurants also have their distinct cuisine. In all, there are 5,000 well-known dishes in the country.

### ● Convenience Food

Various instant foods, including rice, noodles and rice vermicelli are now selling in Beijing, Shanghai and other cities. These foods, developed by Chinese food specialists, are a boon to urban dwellers, saving them a lot of time preparing and cooking meals.

A kind of instant rice produced by the Wuxi Institute of Light Industry in Jiangsu Province needs only to be immersed in boiling water for less than a quarter of an hour to be edible. The flavour and consistency match that cooked traditionally. Other instant rice come with shredded meat or curried beef has been trial-produced by the Shanghai Food Research Institute. When these new semi-prepared foods were put on sale, they were well received by the public.

The Guangxi Zhuang Autonomous Region and Fujian and Guangdong Provinces are marketing handy packs of instant rice vermicelli that becomes a meal in minutes.

## People in the News



**Gongren Ribao (Workers' Daily)** recently carried a story about Xun Fenglian, a woman worker at the Dandong Woollen and Spun Silk Mill who after suffering discrimination for years was cited by Liaoning Province as a model worker in the four modernizations drive. Her enthusiasm and productivity have been so outstanding that she became the subject of a play and was honoured as a national "March 8" red flag bearer.

Her fine achievements did not receive proper recognition for many years. Though Xun Fenglian was an advanced worker from the time she entered the mill in 1958, she could not join the Communist Youth League. She discovered the reason later: she was barred from the League because her father had been a historical counter-revolutionary — even though it was a stated Party policy that a person should be mainly judged by his or her merits and not entirely by the class status of the family.

She refused to be discouraged by this setback and continued to produce at a very high rate. When she was assigned to knit plush in 1972, she turned out 50 metres a day, 13.5 metres above the mill's target. This was accomplished on an outdated machine that required a lot of strength to operate. But this overt enthusiasm for her work ran her into trouble, for under the ridiculous policies of the gang of four some people labelled her as a proponent of the theory of "the unique importance of the productive forces." Again she refused to be daunted, continuing to turn out plush at 50 metres a day.

Xun Fenglian's spirits were greatly bolstered by the fall of the gang of four. By September of 1977 she had overfulfilled her annual plan by 2,456 metres of plush. Then she offered to help out with the factory's tweed production which had not yet met its target. For the next three months she did not take any time off and even worked night shifts occasionally.

In July of 1978 Xun was admitted into the Communist Party. Refusing to allow her success to deter her drive, she has continued to improve her skills. In the first three months of this year, her plush was flawless, an unprecedented event in her factory.

Another form of convenience food are frozen meat dumplings (*jiaozi*) and canned dumplings made in Beijing and Fujian. When these dumplings appeared on the market, they were also favourably received. The quality of convenience noodles made in Shanghai and Beijing improved considerably.

Many kinds of soup concentrates — beef, pork, prawn, and mutton have been developed by the Tianjin Food Research Insti-

tute. These soup concentrates are every bit as tasty and nutritious as soups prepared from raw ingredients. Some places are selling instant soluble bean powder for breakfast.

China began studying and trial-producing convenience foods a few years ago. The food industry in China as a whole is still quite backward and many food specialists urge the state to take effective steps to develop the food industry.

## LITERATURE

## Women Writers

Two women writers have achieved tremendous fame of late, Chen Rong for her novelettes and Zhang Jie for her short stories.

Chen Rong was thrust into the limelight by her novelette *As She Reaches Middle Age*. The plot centres on Lu Wenting, an eye doctor in her forties. Despite difficult living conditions and low pay, Lu maintains a good attitude towards her work and gives selflessly to her patients regardless of their social standing.

The success of the work is due to its realistic presentation of middle-aged intellectuals. How to utilize the talents of this generation of professionals is a timely question at present. Chen Rong strongly expressed her sentiments on this problem in a recent newspaper interview.

"We see middle-aged people such as my doctor Lu everywhere around us," she remarked. "They don't work for fame. They give all their energy and all their skill to the people. The entire society should make an appeal for them."

Many literary critics commented on how realistic *As She Reaches Middle Age* is. One wrote: "Contrary to the bogus literature during the period of the gang of four, this novelette shows life as it really is."

A native of Sichuan, Chen Rong started her writing career in 1975 at the age of 39. Her first two works, *Brightness and Darkness* and *For Ever Spring*, showed tremendous promise and were widely read. Before embarking on a literary career, Chen worked in a number of fields. At the age of 15, she went to work in a bookstore and then in a newspaper office. In 1954, she enrolled in the Russian Language Institute in Beijing. Upon graduation she worked as a translator at the Central Broadcasting Station. Later when the need for Russian translators diminished, she worked as a music editor and a middle school teacher. During these years she wrote several playscripts but failed to get them published.

The second woman writer who has attained prominence in recent years is Zhang Jie. Her maiden work, *A Child Comes From the Forest*, was acclaimed one of the best short stories of 1978. In 1979 her *Whose Life Is Better* won a national prize for the best short story of the year. A TV play, *A Youngster*, which was adapted from one of her short stories was very

popular among young people.

Her most controversial work is *Love Is Unforgettable*. The story depicts an ill-fated love between a veteran cadre who is already married and a woman writer. As soon as it was published, a debate ensued over the appropriateness of this type of plot which no other writer had dared to broach before. Some charged it was immoral while others said that literary works which criticize loveless marriages conform to the ethics of Marxism-Leninism.

Zhang Jie is a bold writer who picks themes concerning young people, love and marriage. Literary critics have pointed out that her writings are not very political but rather concern concepts of right and wrong and love and hate. She has achieved popularity by dealing with the fate of ordinary people. By looking for both the good and bad in people, she gives her readers moral and revolutionary inspiration. Her tragedies are heart-rendering.

Also in her early forties, Zhang Jie studied in the Department of Planning and Statistics at the China People's University in Beijing and upon graduation did technical work for many years before becoming established as a writer.

## SPORTS

## China's Athletes in World Competitions

• The Chinese waterpolo team on August 17 defeated Czechoslovakia 9:6 for its fifth victory in the Fifth Malta International Waterpolo Tournament and won the championship.



Women writers Chen Rong (right) and Zhang Jie.

• On the same day, at the Hawaii International Swimming Invitation Tournament, 17-year-old Liang Weifen captured first place in the women's 100-metre breaststroke in 1:12.84, a national record, breaking her own record of 1:12.91 set in Beijing on August 9 this year.

• At the International Track and Field Meet held in France's Nice on August 17, Liu Yuhuang took first place in the men's long jump with a 7.91-metre jump; and Zheng Dazhen came in third in the women's high jump by clearing 1.84 metres.

• Twelve-year-old Jiang Wei won the championships for both the floor exercise and the balance beam, and Wu Wenli, the same age, placed second in the floor exercise and third on the balance beam at the Third International Women's Gymnastics Invitation Tournament in Orleans, France.

Jiang Wei's balance beam performance and high-degree difficult dismount scored 9.85 points; her team-mate Wu Wenli scored 9.80. Jiang Wei's

clean and lively performance in the floor exercise won her 9.90 points, the highest in this competition.

• At the International Track and Field Meet held in Copenhagen, Shen Maomao won the championship in the men's javelin event with a throw of 74.98 metres. Zheng Dazhen outdid the Polish and Danish athletes again and won first place in the women's high jump by clearing 1.84 metres. Zhang Cheng took first place in the men's pole vault by clearing 5 metres and Zou Zhenxian ranked second in the men's triple jump event with a jump of 16.44 metres.

• At the International Gymnastics Invitation Championships held in Hartford, Connecticut, U.S.A., China scored a total of 289.350 points to win the men's team title, defeating the Japanese and American teams which placed first and second in last year's world championships. It was the first time that China defeated Japan in a major international men's gymnastics team competition. During the contest for the men's individual

all-round title, 25-year-old Nobuyuki Kajitani of Japan won the championship and the two Chinese gymnasts, Li Yuejiu and Tong Fei, tied for second place.

On August 22, China won the women's team event, the United States placed second and Japan took third place. China's Li Cuiling captured the women's individual all-round title with 38.80 points and her team-mate, Chen Yongyan, finished third with 38.35 points.

• At the First World Cup Table Tennis Championship held in Xianggang (Hongkong) towards the end of last month, China's Guo Yuehua defeated his team-mate Li Zhenshi 3:0 in the finals and won the title. At the end of the competition, President of the International Table Tennis Federation Roy Evans presented the Evans Cup to Guo Yuehua.

Czechoslovakia's Josef Dvoracek finished third, followed in order by his compatriot Milan Orlovski, John Hilton of England, Stellan Bengtsson of Sweden, Tibor Klampar of Hungary, Eric Boggan of the United States.

Left: Li Cuiling, winner of the women's individual all-round event title.  
Right: Juvenile gymnast Jiang Wei and Wu Wenli in France.





## LETTERS FROM READERS

### Combating Bureaucracy

The articles "Combating Bureaucracy" (issue No. 26), "Away With Feudal Ideas" (No. 27), "Strive to Improve Party Style of Work" (No. 28) and "Vice-Minister Shen Hong—Model for Ranking Cadres" (No. 30) are good and true. They tell us frankly: "It must be noticed that the pernicious influence of Lin Biao and the gang of four has by no means been eliminated—far from it. Speaking as a whole, our Party's good traditions and style of long historical standing have not yet been restored—not by far." These articles also point out the direction in which efforts must be made. It is by no means easy for a ruling Party to expose its own mistakes and shortcomings. This needs courage. Your Party deserves admiration for having stated clearly that it will adhere to the principle of seeking truth from facts, overcome difficulties, correct its mistakes and shortcomings, and courageously forge ahead.

Masuo Arashida  
Osaka, Japan

I found the article "Combating Bureaucracy" in the June 30th issue of interest and of great value in helping me understand some of the social problems of life in China today.

I had assumed that the discontent came from the descendants of that 30 per cent which ran old China. Now I have learnt a new concept, "small producer." I was aware that at the time of liberation the peasant farmers were reluctant to return their land to central control but I had assumed that that condition was only temporary. I was surprised to read that a few cadres were of a mind to "go after their own private interest." This article has done much to broaden my knowledge of the system.

The information that I get from *Beijing Review* helps me correct the opinion of those I contact who get the wrong impression from reading the local media.

Richard A. Dannells  
Tucson, U.S.A.

### Social Effects of Literary Works

I do not agree with what is said in the article "Social Effects of Literature and Art" in issue No. 28. I am of the opinion that works of literature and art should not serve politics, and that writers and artists create works only for the people to enjoy, but should not meddle in politics. One of the reasons for the tragedy of the Cultural Revolution was that literary and art critics, journalists and actresses, who were ignorant of politics and indulged in empty talks about theory, made a mess of political affairs. China must not make the same mistakes again.

Tetsuo Mori  
Tokyo, Japan

### "Tai Ji Quan"

You published an interesting article on *tai ji quan*. This is of enormous interest to me. It is a system of exercises which tones up the body, improves the health and is known to cure diseases. Accompanied by meditative practices, the exercises are highly beneficial. This system of exercises which the Chinese people have indulged in for generations is little known to the world outside China, as little known as was acupuncture therapy a few years ago. We would like to see more articles of this nature in your Review.

S.W. Walpita  
Colombo, Sri Lanka

### Individual's Role in History

With great interest I read the article "On the Role of the Individual in History" in issue No. 32. What I worry is that Western and Soviet critics will exploit this point and say that China has deviated from socialism. People often make such mistakes as deifying their leader. Leaders should regard the people as the motive force pushing themselves forward.

Dieter Funtmann  
Bochum, W. Germany

### Impossible Not to Have Defects

I agree with Abdon Palomino M.'s letter which you published in issue No. 30. I think that if *Beijing Review* only devotes a lot of space to carrying articles describing how superior the communist system in China is, people would in the long run not believe you, because it is impossible for a thing or a machine not to have defects. You should devote more space to dealing with problems that arise in your work.

Roland Dohmen  
Stolberg, W. Germany

### Vietnamese Troops Must Withdraw From Kampuchea

A summit conference of Viet Nam, Laos and Kampuchea was held in April 1970. Prime Minister Pham Van Dong of the Hanoi regime pledged to improve Viet Nam's relations with Kampuchea and Laos in accordance with the Five Principles of Peaceful Coexistence. He reiterated his recognition of and respect for the existing border and the territorial integrity of Kampuchea.

But before the ink was dry, the situation in Indochina had already become like this: Laos was occupied and controlled by Vietnamese troops. Under the pretext of liberating the Kampuchean people from the rule of Red Khmer, Hanoi sent its troops to invade Kampuchea.

People can see clearly that the Kampuchean question is created by Vietnamese occupation and Viet Nam's trampling on the U.N. Charter which specifies that every country's sovereignty should be respected.

Today, the Kampuchean people demand that the Hanoi government withdraw all its troops from Kampuchea and let the Kampuchean people freely choose their own government in accordance with their own will.

The Vietnamese, Laotian and Kampuchean people should unite to overthrow the bellicose, fascist Hanoi regime.

The three countries inevitably constitute a decisive factor affecting the stability, peace and tranquillity in Southeast Asia.

Duy Sarindeth  
Montreal, Canada

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